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**State:** District of Columbia **First Filing Company:** Westport Insurance Corporation, ...  
**TOI/Sub-TOI:** 20.0 Commercial Auto/20.0000 Commercial Auto Combinations  
**Product Name:** Commercial Auto  
**Project Name/Number:** LCM Filing for Commercial Auto /19-24354

## Filing at a Glance

Companies: Westport Insurance Corporation  
North American Specialty Insurance Company

Product Name: Commercial Auto

State: District of Columbia

TOI: 20.0 Commercial Auto

Sub-TOI: 20.0000 Commercial Auto Combinations

Filing Type: Rate

Date Submitted: 11/14/2019

SERFF Tr Num: SWRE-132142541

SERFF Status: Submitted to State

State Tr Num:

State Status:

Co Tr Num: 19-24354

Effective Date 04/01/2020

Requested (New):

Effective Date 04/01/2020

Requested (Renewal):

Author(s): Theresa Cox

Reviewer(s):

Disposition Date:

Disposition Status:

Effective Date (New):

Effective Date (Renewal):

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**State:** District of Columbia **First Filing Company:** Westport Insurance Corporation, ...  
**TOI/Sub-TOI:** 20.0 Commercial Auto/20.0000 Commercial Auto Combinations  
**Product Name:** Commercial Auto  
**Project Name/Number:** LCM Filing for Commercial Auto /19-24354

## General Information

Project Name: LCM Filing for Commercial Auto

Project Number: 19-24354

Reference Organization:

Reference Title:

Filing Status Changed: 11/14/2019

State Status Changed:

Created By: Theresa Cox

Corresponding Filing Tracking Number:

Status of Filing in Domicile: Pending

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Theresa Cox

Filing Description:

The following changes are being filed for the Commercial Auto ISO tier. The tier is ISO based with some company exceptions. The program utilizes ISO's latest loss costs, rules and forms.

Effective 4/1/2020 and after, the agent that places this program business with Swiss Re will be moving all of their inforce business (currently written on North American Specialty (NAS) to Westport Insurance Corporation (WIC). This move will have no rate impact on our current insureds.

This filing swaps the current NAS and Westport LCMs. Liability LCM of 1.389 and Physical Damage LCM of 1.391, is being filed in Westport (Westport will become the preferred tier company). Liability LCM of 1.736 and Physical Damage LCM of 1.739, is being filed in NAS for the base. The surcharge company in the tier, North American Elite Insurance Company, is not changing or included with this filing. The base multiplier is 25% higher than preferred and the surcharge multiplier is 25% higher than the base. NAS-CA-DC-LCM 04-01-2020 will replace NAS-CA-DC-LCM 01-01-2008 and WIC-CA-DC-LCM 04-01-2020 will replace WIC-CA-DC-LCM 01-01-2008.

## Company and Contact

### Filing Contact Information

Theresa Cox, Compliance Specialist

1200 Main Street

Kansas City, MO 64105

Theresa\_Cox@swissre.com

816-702-3441 [Phone]

### Filing Company Information

Westport Insurance Corporation

1200 Main Street

Kansas City, MO 64105

(800) 542-9200 ext. [Phone]

CoCode: 39845

Group Code: 181

Group Name: Swiss Re

FEIN Number: 48-0921045

State of Domicile: Missouri

Company Type:

State ID Number:

North American Specialty  
Insurance Company

1200 Main St

Kansas City, MO 64105

(800) 542-9200 ext. [Phone]

CoCode: 29874

Group Code: 181

Group Name: Swiss Re

FEIN Number: 02-0311919

State of Domicile: New  
Hampshire

Company Type:

State ID Number:

## Filing Fees

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**State:** District of Columbia **First Filing Company:** Westport Insurance Corporation, ...  
**TOI/Sub-TOI:** 20.0 Commercial Auto/20.0000 Commercial Auto Combinations  
**Product Name:** Commercial Auto  
**Project Name/Number:** LCM Filing for Commercial Auto /19-24354

Fee Required? No

Retaliatory? No

Fee Explanation:

|                             |   |                              |                                     |
|-----------------------------|---|------------------------------|-------------------------------------|
| <b>State:</b>               | District of Columbia                                      | <b>First Filing Company:</b> | Westport Insurance Corporation, ... |
| <b>TOI/Sub-TOI:</b>         | 20.0 Commercial Auto/20.0000 Commercial Auto Combinations |                              |                                     |
| <b>Product Name:</b>        | Commercial Auto   |                              |                                     |
| <b>Project Name/Number:</b> | LCM Filing for Commercial Auto /19-24354                  |                              |                                     |

## Rate Information

Rate data applies to filing.

|  |                                     |
|--|-------------------------------------|
| <b>Filing Method:</b>                            | File and Use                        |
| <b>Rate Change Type:</b>                         | Neutral                             |
| <b>Overall Percentage of Last Rate Revision:</b> | 7.600%                              |
| <b>Effective Date of Last Rate Revision:</b>     | 10/01/2019                          |
| <b>Filing Method of Last Filing:</b>             | Automatic adoption of ISO Loss Cost |
| <b>SERFF Tracking Number of Last Filing:</b>     | Automatic adoption of ISO Loss Cost |

## Company Rate Information

| Company Name:                              | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|--|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| Westport Insurance Corporation             | 0.000%                      | 0.000%                 | \$0                                      | 0   | \$0                               | 0.000%                          | 0.000%                          |
| North American Specialty Insurance Company | 0.000%                      | 0.000%                 | \$0                                      | 0   | \$0                               | 0.000%                          | 0.000%                          |

|                             |   |                              |                                     |
|-----------------------------|---|------------------------------|-------------------------------------|
| <b>State:</b>               | District of Columbia                                      | <b>First Filing Company:</b> | Westport Insurance Corporation, ... |
| <b>TOI/Sub-TOI:</b>         | 20.0 Commercial Auto/20.0000 Commercial Auto Combinations |                              |                                     |
| <b>Product Name:</b>        | Commercial Auto   |                              |                                     |
| <b>Project Name/Number:</b> | LCM Filing for Commercial Auto /19-24354                  |                              |                                     |

## Rate/Rule Schedule

| Item No. | Schedule Item Status | Exhibit Name   | Rule # or Page #           | Rate Action | Previous State Filing Number | Attachments                  |
|----------|----------------------|--|----------------------------|-------------|------------------------------|------------------------------|
| 1        |                      | Commercial Lines Manual Division One Commercial Auto Section I General Rules Company Rates/ ISO Loss Costs | NAS-CA-DC-LCM (04/01/2020) | Replacement | ERCA-125320650               | NAS-CA-DC-LCM_04-01-2020.pdf |
| 2        |                      | Commercial Lines Manual Division One Commercial Auto Section I General Rules Company Rates/ ISO Loss Costs | WIC-CA-DC-LCM (04/01/2020) | Replacement | ERCA-125320650               | WIC-CA-DC-LCM_04-01-2020.pdf |

# ***North American Specialty Insurance Company***

## **SECTION I GENERAL RULES**

### **RULE 1 APPLICATION OF THIS DIVISION**

#### **Company Rates/ISO Loss Costs**

To calculate rates, multiply loss costs by the appropriate factor as listed below before applying any of the rules.

| <b>Coverage</b>      | <b>Loss Cost Multiplier</b> |
|----------------------|-----------------------------|
| Auto Liability       | 1.736                       |
| Auto Physical Damage | 1.739                       |

THIS APPLIES TO ALL BUSINESS FOR WHICH AN INDEPENDENTLY FILED PROGRAM-SPECIFIC LOSS COST MULTIPLIER EXCEPTION PAGE HAS NOT BEEN FILED WITH THE STATE REGULATOR AND ACCEPTED FOR USE.

**NORTH AMERICAN SPECIALTY INSURANCE COMPANY**

**NAS-CA-DC-LCM (04/01/2020)**

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# ***Westport Insurance Corporation***

## **SECTION I GENERAL RULES**

### **RULE 1 APPLICATION OF THIS DIVISION**

#### **Company Rates/ISO Loss Costs**

To calculate rates, multiply loss costs by the appropriate factor as listed below before applying any of the rules.

| <b>Coverage</b>      | <b>Loss Cost Multiplier</b> |
|----------------------|-----------------------------|
| Auto Liability       | 1.389                       |
| Auto Physical Damage | 1.391                       |

THIS APPLIES TO ALL BUSINESS FOR WHICH AN INDEPENDENTLY FILED PROGRAM-SPECIFIC LOSS COST MULTIPLIER EXCEPTION PAGE HAS NOT BEEN FILED WITH THE STATE REGULATOR AND ACCEPTED FOR USE.

**WESTPORT INSURANCE CORPORATION**

**WIC-CA-DC-LCM (04/01/2020)**

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|                             |   |                              |                                     |
|-----------------------------|---|------------------------------|-------------------------------------|
| <b>State:</b>               | District of Columbia                                      | <b>First Filing Company:</b> | Westport Insurance Corporation, ... |
| <b>TOI/Sub-TOI:</b>         | 20.0 Commercial Auto/20.0000 Commercial Auto Combinations |                              |                                     |
| <b>Product Name:</b>        | Commercial Auto   |                              |                                     |
| <b>Project Name/Number:</b> | LCM Filing for Commercial Auto /19-24354                  |                              |                                     |

## Supporting Document Schedules

|                         |                          |
|-------------------------|--------------------------|
| <b>Bypassed - Item:</b> | Consulting Authorization |
| <b>Bypass Reason:</b>   | n/a                      |
| <b>Attachment(s):</b>   |                          |
| <b>Item Status:</b>     |                          |
| <b>Status Date:</b>     |                          |

  

|                          |                               |
|--------------------------|-------------------------------|
| <b>Satisfied - Item:</b> | Actuarial Certification (P&C) |
| <b>Comments:</b>         |                               |
| <b>Attachment(s):</b>    | DC CA Actuarial Memo.pdf      |
| <b>Item Status:</b>      |                               |
| <b>Status Date:</b>      |                               |

  

|                          |  |
|--------------------------|--|
| <b>Satisfied - Item:</b> | District of Columbia and Countrywide Experience for the Last 5 Years (P&C)     |
| <b>Comments:</b>         |  |
| <b>Attachment(s):</b>    | Liability DC & CW Rating Exhibits.pdf<br>Phy Damage DC & CW Rating Exhibit.pdf |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |

  

|                          |   |
|--------------------------|---|
| <b>Satisfied - Item:</b> | District of Columbia and Countrywide Loss Ratio Analysis (P&C)                      |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | Liability Actuarial Rating Exhibits.pdf<br>Phy Damage Actuarial Rating Exhibits.pdf |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |

  

|                          |  |
|--------------------------|--|
| <b>Satisfied - Item:</b> | Side by Sides of the rate pages  |
| <b>Comments:</b>         |  |
| <b>Attachment(s):</b>    | WIC-CA-DC-LCM_01-01-2008(Redline).pdf<br>NAS-CA-DC-LCM_01-01-2008(Redline).pdf |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |



**Swiss Re Corporate Solutions**  
**Actuarial Memorandum**  
**Commercial Auto**  
**District of Columbia**

*North American Specialty Insurance Company (NAS)*  
*Westport Insurance Corporation (Westport)*

The following changes are being filed for the Commercial Auto ISO tier. The tier is ISO based with some company exceptions. The program utilizes ISO's latest loss costs, rules and forms.

Effective 4/1/2020 and after, the agent that places this program business with Swiss Re will be moving all of their inforce business (currently written on NAS) to Westport. Our intent for this move is that current insureds will have no rate impact.

This filing swaps the current NAS and Westport LCMs. Liability LCM of 1.389 and Physical Damage LCM of 1.391, is being filed in Westport (Westport will become the preferred tier company). Liability LCM of 1.736 and Physical Damage LCM of 1.739, is being filed in NAS for the base. The surcharge company in the tier, North American Elite Insurance Company, is not changing or included with this filing. The base multiplier is 25% higher than preferred and the surcharge multiplier is 25% higher than the base. NAS-CA-DC-LCM 04-01-2020 will replace NAS-CA-DC-LCM 01-01-2008 and WIC-CA-DC-LCM 04-01-2020 will replace WIC-CA-DC-LCM 01-01-2008.

There is no impact from this filing.

**Development of Expected Loss Ratio**

Along with the state specific filing forms, Exhibits 1, 2 and 3 that calculate our expected loss ratio, investment income return and tax rate are attached to support the filing.

**Exhibit 1 – Expense Exhibit**

The expenses shown are Swiss Re Corporate Solutions companies and Industry averages for Auto Liability and Physical Damage for the latest 5 years. The total estimated expenses are 39.4% and 41.3% respectively. Since the maximum profit allowed in District of Columbia is 5%, the model was modified to hold the profit constant and vary the Return on Equity.

**Exhibit 2 Pages 1 and 2 – Cash Flow Model**

These exhibits derive the provision for underwriting profit using a discounted cash flow model. The model projects cash flows for a typical policy. It considers premiums, losses, expenses, income taxes and investment income on investable funds. Investable funds are the difference between income items (premiums collected, surplus supplied and investment income) and outgo items (expenses, losses and income taxes paid). Investable funds generate investment income earned. Since the maximum profit allowed in District of Columbia is 5%, the model was modified to hold the profit constant and vary the Return on Equity.

The assumptions used in the model are:

- Expenses: From Exhibit 1.
- Surplus Requirement: The selected premium to surplus ratio is 1.50.
- Return on Equity: Swiss Re, our parent company, requires a return on equity of 15%. On this filing, since profit and contingency is limited to 5.0%, a return on equity of 13.3% (liability) and 10.0% (physical damage) are obtained.
- Reserve Discount Rate: 60-month average of the federal mid-term rates.

- Payout Pattern: The payout pattern is based on company payout patterns for [Auto Liability](#) and [Auto Physical Damage](#).

**Exhibit 3 – Investment Income Return and Tax Rate**

This exhibit derives the [3.0%](#) rate of return and [19.0%](#) income tax rate. All dollar amounts come from the Company's Annual Statement. All calculations (a) through (f) are shown in the "notes" section at the bottom of the exhibit.

The proposed effective date for this filing is [04/01/2020](#).

**Swiss Re Corporate Solutions  
Commercial Auto Liability**

|                           | 2014       |              | 2015       |              | 2016       |              | 2017       |              | 2018       |              | Total      |              | Selected |
|---------------------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|----------|
|                           | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium |          |
| Direct Written Premium    | 1,195      |              | 1,490      |              | 1,363      |              | 2,021      |              | 2,712      |              | 8,781      |              |          |
| Direct Earned Premium     | 1,247      | 100.0%       | 1,231      | 100.0%       | 998        | 100.0%       | 2,115      | 100.0%       | 2,447      | 100.0%       | 8,038      | 100.0%       |          |
| Incurred Loss Only        | -614       | -49.2%       | -2,644     | -214.8%      | 565        | 56.6%        | 2,346      | 110.9%       | 484        | 19.8%        | 137        | 1.7%         |          |
| Incurred Loss & ALAE      | -789       | -63.3%       | -3,282     | -266.6%      | 650        | 65.1%        | 2,482      | 117.4%       | 292        | 11.9%        | -647       | -8.0%        |          |
| ULAE                      | -1,238     | 156.9%       | 19         | -0.6%        | 284        | 43.7%        | 206        | 8.3%         | 67         | 22.9%        | -662       | 102.3%       |          |
| Commissions               | 350        | 29.3%        | -269       | -18.1%       | 51         | 3.7%         | 514        | 25.4%        | 742        | 27.4%        | 1,388      | 15.8%        | 22.0%    |
| Other Acquisition Expense | 70         | 5.6%         | 104        | 8.4%         | 80         | 8.0%         | 146        | 6.9%         | 171        | 7.0%         | 571        | 7.1%         | 2.1%     |
| General Expense           | 50         | 4.0%         | 121        | 9.8%         | 85         | 8.5%         | 189        | 8.9%         | 229        | 9.4%         | 674        | 8.4%         | 8.4%     |
| Taxes, Licenses & Fees    | 23         | 1.9%         | 36         | 2.4%         | 27         | 2.0%         | 44         | 2.2%         | 63         | 2.3%         | 193        | 2.2%         | 1.9%     |

**Total Expense Provision: 34.4%**

**Profit & Contingencies: 5.0%**

**Industry Wide  
Commercial Auto Liability**

|                           | 2014       |              | 2015       |              | 2016       |              | 2017       |              | 2018       |              | Total       |              |
|---------------------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|-------------|--------------|
|                           | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$  | % of Premium |
| Direct Written Premium    | 22,228,492 |              | 23,774,062 |              | 25,099,034 |              | 27,326,668 |              | 30,885,261 |              | 129,313,517 |              |
| Direct Earned Premium     | 21,498,582 | 100.0%       | 23,026,197 | 100.0%       | 24,503,646 | 100.0%       | 26,350,575 | 100.0%       | 29,394,488 | 100.0%       | 124,773,488 | 100.0%       |
| Incurred Loss Only        | 13,826,613 | 64.3%        | 15,505,293 | 67.3%        | 17,296,913 | 70.6%        | 18,741,440 | 71.1%        | 21,063,389 | 71.7%        | 86,433,648  | 69.3%        |
| Incurred Loss & ALAE      | 15,309,138 | 71.2%        | 17,268,134 | 75.0%        | 19,257,053 | 78.6%        | 20,765,423 | 78.8%        | 23,220,007 | 79.0%        | 95,819,755  | 76.8%        |
| ULAE                      | 1,328,482  | 8.7%         | 1,452,834  | 8.4%         | 1,532,134  | 8.0%         | 1,550,623  | 7.5%         | 1,707,416  | 7.4%         | 7,571,489   | 7.9%         |
| Commissions               | 3,198,300  | 14.4%        | 3,433,940  | 14.4%        | 3,565,320  | 14.2%        | 3,815,937  | 14.0%        | 4,156,984  | 13.5%        | 18,170,481  | 14.1%        |
| Other Acquisition Expense | 1,215,952  | 5.7%         | 1,238,279  | 5.4%         | 1,353,129  | 5.5%         | 1,369,165  | 5.2%         | 1,430,184  | 4.9%         | 6,606,709   | 5.3%         |
| General Expense           | 1,579,017  | 7.3%         | 1,532,577  | 6.7%         | 1,581,806  | 6.5%         | 1,659,763  | 6.3%         | 2,034,740  | 6.9%         | 8,387,903   | 6.7%         |
| Taxes, Licenses & Fees    | 559,111    | 2.5%         | 588,070    | 2.5%         | 644,058    | 2.6%         | 656,203    | 2.4%         | 736,922    | 2.4%         | 3,184,364   | 2.5%         |

**ULAE to Loss & ALAE Ratio: 7.9%**

## Notes:

- Swiss Re Corporate Solutions Data taken from Lines 19.3 & 19.4 of the Insurance Expense Exhibit.
- ULAE is a percentage of Loss & ALAE.
- Companies included in Swiss Re Corporate Solutions are Westport Ins. Corp., North American Specialty Ins. Co. and North American Elite Ins. Co.

**Swiss Re Corporate Solutions  
Commercial Auto Physical Damage**

|                           | 2014       |              | 2015       |              | 2016       |              | 2017       |              | 2018       |              | Total      |              | Selected |
|---------------------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|----------|
|                           | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium |          |
| Direct Written Premium    | 3,162      |              | 2,105      |              | 2,706      |              | 2,727      |              | 3,535      |              | 14,235     |              |          |
| Direct Earned Premium     | 2,466      | 100.0%       | 2,274      | 100.0%       | 2,597      | 100.0%       | 2,611      | 100.0%       | 3,221      | 100.0%       | 13,169     | 100.0%       |          |
| Incurred Loss Only        | 1,596      | 64.7%        | 1,795      | 78.9%        | 1,626      | 62.6%        | 1,436      | 55.0%        | 311        | 9.7%         | 6,764      | 51.4%        |          |
| Incurred Loss & ALAE      | 1,795      | 72.8%        | 1,991      | 87.6%        | 1,810      | 69.7%        | 1,511      | 57.9%        | 145        | 4.5%         | 7,252      | 55.1%        |          |
| ULAE                      | 108        | 6.0%         | 395        | 19.8%        | 20         | 1.1%         | -4         | -0.3%        | 26         | 17.9%        | 545        | 7.5%         |          |
| Commissions               | 744        | 23.5%        | 493        | 23.4%        | 635        | 23.5%        | 638        | 23.4%        | 827        | 23.4%        | 3,337      | 23.4%        | 22.0%    |
| Other Acquisition Expense | 178        | 7.2%         | 98         | 4.3%         | 132        | 5.1%         | 145        | 5.6%         | 173        | 5.4%         | 726        | 5.5%         | 5.5%     |
| General Expense           | 124        | 5.0%         | 148        | 6.5%         | 184        | 7.1%         | 198        | 7.6%         | 239        | 7.4%         | 893        | 6.8%         | 6.8%     |
| Taxes, Licenses & Fees    | 70         | 2.2%         | 53         | 2.5%         | 55         | 2.0%         | 64         | 2.3%         | 84         | 2.4%         | 326        | 2.3%         | 2.0%     |

**Total Expense Provision: 36.3%**

**Profit & Contingencies: 5.0%**

**Industry Wide  
Commercial Auto Physical Damage**

|                           | 2014       |              | 2015       |              | 2016       |              | 2017       |              | 2018       |              | Total      |              |
|---------------------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|
|                           | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium | (000's) \$ | % of Premium |
| Direct Written Premium    | 7,024,423  |              | 7,515,147  |              | 8,010,488  |              | 8,742,399  |              | 9,681,369  |              | 40,973,826 |              |
| Direct Earned Premium     | 6,734,489  | 100.0%       | 7,275,499  | 100.0%       | 7,835,142  | 100.0%       | 8,442,367  | 100.0%       | 9,300,875  | 100.0%       | 39,588,372 | 100.0%       |
| Incurred Loss Only        | 4,227,712  | 62.8%        | 4,413,571  | 60.7%        | 4,997,417  | 63.8%        | 5,675,160  | 67.2%        | 5,669,126  | 61.0%        | 24,982,986 | 63.1%        |
| Incurred Loss & ALAE      | 4,312,213  | 64.0%        | 4,486,707  | 61.7%        | 5,091,992  | 65.0%        | 5,796,682  | 68.7%        | 5,772,105  | 62.1%        | 25,459,699 | 64.3%        |
| ULAE                      | 529,305    | 12.3%        | 562,980    | 12.5%        | 537,424    | 10.6%        | 589,782    | 10.2%        | 624,031    | 10.8%        | 2,843,522  | 11.2%        |
| Commissions               | 1,015,652  | 14.5%        | 1,116,957  | 14.9%        | 1,150,284  | 14.4%        | 1,201,589  | 13.7%        | 1,338,679  | 13.8%        | 5,823,161  | 14.2%        |
| Other Acquisition Expense | 348,189    | 5.2%         | 405,479    | 5.6%         | 423,341    | 5.4%         | 462,401    | 5.5%         | 471,994    | 5.1%         | 2,111,404  | 5.3%         |
| General Expense           | 492,029    | 7.3%         | 552,750    | 7.6%         | 565,439    | 7.2%         | 616,535    | 7.3%         | 633,737    | 6.8%         | 2,860,490  | 7.2%         |
| Taxes, Licenses & Fees    | 166,581    | 2.4%         | 171,581    | 2.3%         | 180,940    | 2.3%         | 191,695    | 2.2%         | 215,786    | 2.2%         | 926,583    | 2.3%         |

**ULAE to Loss & ALAE Ratio: 7.5%**

## Notes:

- Swiss Re Corporate Solutions Data taken from Line 21.2 of the Insurance Expense Exhibit.
- ULAE is a percentage of Loss & ALAE.
- Companies included in Swiss Re Corporate Solutions are Westport Ins. Corp., North American Specialty Ins. Co. and North American Elite Ins. Co.

Swiss Re Corporate Solutions  
Investment Income Exhibit  
Commercial Auto Liability

|                             |                  |
|-----------------------------|------------------|
| Underwriting Tax Rate:      | 21.0%            |
| Invest Income Tax Rate:     | 19.0%            |
| Invest Income Return:       | 3.0%             |
| Reserve Discount Rate:      | 1.9%             |
| Initial Prem/Surplus:       | 1.50             |
| Expense Ratio:              | 34.4%            |
| Target Loss Ratio:          | 56.1%            |
| ALAE to Loss Ratio:         | 0.0%             |
| ULAE to Loss & ALAE Ratio:  | 7.9%             |
| Premium Payments:           | 1 (1 or 12 only) |
| Loss & LAE Ratio:           | 60.6%            |
| Combined Ratio:             | 95.0%            |
| Underwriting Profit Margin: | 5.0%             |
| ROE:                        | 13.3%            |
| PVROP:                      | 7.4%             |

| <b>PATTERNS</b> | <u>Time</u> | <u>Premium<br/>Payments</u> | <u>Unearned<br/>Premium</u> | <u>Payout<br/>Pattern</u> | <u>Cumulative<br/>Paid</u> |
|-----------------|-------------|-----------------------------|-----------------------------|---------------------------|----------------------------|
|                 | 0.00        |                             |                             |                           |                            |
|                 | 1.00        | 100                         | -                           | 10.07%                    | 10.1%                      |
|                 | 2.00        | -                           | -                           | 13.98%                    | 24.1%                      |
|                 | 3.00        | -                           | -                           | 52.81%                    | 76.9%                      |
|                 | 4.00        | -                           | -                           | 7.38%                     | 84.2%                      |
|                 | 5.00        | -                           | -                           | 14.67%                    | 98.9%                      |
|                 | 6.00        | -                           | -                           | 1.09%                     | 100.0%                     |
|                 | 7.00        | -                           | -                           | 0.00%                     | 100.0%                     |
|                 | 8.00        | -                           | -                           | 0.00%                     | 100.0%                     |
|                 | 9.00        | -                           | -                           | 0.00%                     | 100.0%                     |
|                 | 10.00       | -                           | -                           | 0.00%                     | 100.0%                     |
|                 | 11.00       | -                           | -                           | 0.00%                     | 100.0%                     |
|                 | 12.00       | -                           | -                           | 0.00%                     | 100.0%                     |
|                 | 13.00       | -                           | -                           | 0.00%                     | 100.0%                     |
|                 | 14.00       | -                           | -                           | 0.00%                     | 100.0%                     |
|                 | 15.00       | -                           | -                           | 0.00%                     | 100.0%                     |
|                 | 16.00       | -                           | -                           | 0.00%                     | 100.0%                     |
|                 |             |                             |                             | 100.00%                   |                            |
|                 | Duration    |                             |                             | 2.56                      |                            |

Note:

1. The payout pattern is based on company payout patterns.

[illegible]

- |   |   |
|---|---|
| 1 Not actual written premium, used to reflect premium payment pattern.        | 12 time 2-16 formula is: (2) - (3) - (11)                             |
| 2 Total(1) - Cumulative(2)  | 13 (12) * Underwriting Tax Rate of 21%                                |
| 3 (2) * Expense Ratio of 34.4% from Page 1                                    | 14 (8) - (13)   |
| 4 Total(1) * Expected Loss Ratio of 56.1% * Payout Pattern                    | 15 time 1 formula is: (16prior) + (1) - (3)                           |
| 5 (4) * ALAE/Loss Ratio of 0%   | time 2 formula is: (16prior) - (16priorprior) - (13prior) - (14prior) |
| 6 time 1 formula is: [(4) + (5)] * ULAE*1/2 + ULAE*1/2*ELR*(1+ALAE to LR)*(1) | time 3-16 formula is: (16prior) - (13prior) - (14prior)               |
| time 2-16 formula is: [(4)+(5)]*ULAE*1/2                                      | 16 time 1 formula is: (16prior)+(1) - (3) - (4) - (5) - (6)           |
| 7 Total(4) + Total(5) + Total(6) - sum[columns (4)+(5)+(6)]                   | time 2-16 formula is: (15) - (4) - (5) - (6)                          |
| 8 (2) - (3) - [(4) - (5) - (6) - (7)] - (7prior)                              | 17 Average[(15) + (16)]   |
| 9 Discounted Payout Pattern Per IRS regulation                                | 18 (17) * Investment Income Return of 3%                              |
| 10 (7) * (9)  | 19 (18) * Investment Income Tax Rate of 19%                           |
| 11 (4) + (5) + (6) + (10) - (10prior)   | 20 (18) - (19)  |
| 12 time 1 formula is: (2) - (3) - (4) - (5) - (6) - (10)                      | 21 time 1 is: (16prior) + (20) + (14) time 2-16 is: (20) + (14)       |

**Swiss Re Corporate Solutions**  
**Investment Income Exhibit**  
**Estimated Investment Earnings On**  
**Surplus and Unearned Premium & Loss Reserves**

The rate of return is the ratio of net investment income earned to mean cash and invested assets as determined from the base company Annual Statement.

|      | Net Investment<br>Income Earned | Mean Cash and<br>Investment Assets |                       | Realized<br>Capital | Unrealized<br>Capital | Realized<br>% of<br>Assets | Unrealized<br>% of<br>Assets |
|------|---------------------------------|------------------------------------|-----------------------|---------------------|-----------------------|----------------------------|------------------------------|
|      | <u>(In Thousands)</u>           | <u>(In Thousands)</u>              | <u>Rate of Return</u> | <u>Gains/Losses</u> | <u>Gains/Losses</u>   | <u>Assets</u>              | <u>Assets</u>                |
| 2018 | 107,456,463                     | 5,032,719,220                      | 2.1%                  | -12,935,619         | 7,914,791             | -0.3%                      | 0.2%                         |
| 2017 | 85,099,472                      | 4,742,233,268                      | 1.8%                  | 91,767,774          | -16,323,781           | 1.9%                       | -0.3%                        |
|      | 192,555,935                     | 9,774,952,488                      | 3.0%                  | 78,832,155          | -8,408,990            | 0.8%                       | -0.1%                        |

The average rate of Federal Income Tax was determined by applying current tax rates to the distribution of investment income earned. This data is from the base company Annual Statement.

|  | Investment<br>Income Earned<br>(In Thousands) | Federal<br>Income<br>Tax Rate |     |
|--|---|-------------------------------|-----|
| Bonds                                      |   |                               |     |
| Taxable                                    | 91,995,236                                    | 0.210                         | (c) |
| Non-Taxable                                | 9,902,018                                     | 0.0315                        | (a) |
| Total                                      | 101,897,254                                   | 0.193                         | (d) |
| Stock                                      |   |                               |     |
| Taxable                                    | 3,224,644                                     | 0.085                         | (b) |
| Taxable Affiliates                         | 0   |                               |     |
| Total                                      | 3,224,644                                     |                               |     |
| Mortgage Loans on Real Estate              | 0   |                               |     |
| Real Estate                                | 0   |                               |     |
| Cash on Deposit and Short Term Investments | 3,224,508                                     |                               |     |
| All Other                                  | 4,685,298                                     |                               |     |
| Sub-Total                                  | 7,909,806                                     | 0.210                         | (c) |
| Total                                      | 113,031,704                                   | 0.191                         | (e) |
| Investment Deductions                      | 5,575,241                                     | 0.210                         | (c) |
| Net Investment Income Earned               | 107,456,463                                   | 0.190                         | (f) |

- Notes: (a) 100% of the income on tax-exempt bonds is subject to proration; that is, 15% of the of that income taxed at a full corporate income tax rate of 21%. The applicable tax rate is  $[(1.00 \times .15 \times .21) = .0315]$ .
- (b) 30% of dividend income on stock is subject to the full corporate income tax rate of 21%. 100% of the remaining dividend income on stocks is subject to proration: that is, 15% of the remaining 70% of dividend income is taxed at a rate of 21%. The applicable tax rate is thus  $[(.30 \times .21) + (1.00 \times .70 \times .15 \times .21) = 0.085]$ .
- (c) The full corporate income tax rate is 21%.
- (d) Weighted average of the taxable and non-taxable bonds  $[(91,995,236 \times 0.21 + 9,902,018 \times 0.0315)/101,897,254]$ .
- (e) Weighted average of all investment incomes  $[(101,897,254 \times 0.193 + 3,224,644 \times 0.085 + 7,909,806 \times 0.21)/113,031,704]$ .
- (f) Investment income tax rate:  $[(113,031,704 \times 0.191 - 5,575,241 \times 0.21)/107,456,463]$ .

**Swiss Re Corporate Solutions**  
**Investment Income Exhibit**  
**Commercial Auto Physical Damage**

|                             |                  |
|-----------------------------|------------------|
| Underwriting Tax Rate:      | 21.0%            |
| Invest Income Tax Rate:     | 19.0%            |
| Invest Income Return:       | 3.0%             |
| Reserve Discount Rate:      | 1.9%             |
| Initial Prem/Surplus:       | 1.50             |
| Expense Ratio:              | 36.3%            |
| Target Loss Ratio:          | 54.6%            |
| ALAE to Loss Ratio:         | 0.0%             |
| ULAE to Loss & ALAE Ratio:  | 7.5%             |
| Premium Payments:           | 1 (1 or 12 only) |
| Loss & LAE Ratio:           | 58.7%            |
| Combined Ratio:             | 95.0%            |
| Underwriting Profit Margin: | 5.0%             |
| ROE:                        | 10.0%            |
| PVROP:                      | 4.7%             |

| <b>PATTERNS</b> | <u>Time</u> | <u>Premium Payments</u> | <u>Unearned Premium</u> | <u>Payout Pattern</u> | <u>Cumulative Paid</u> |
|-----------------|-------------|-------------------------|-------------------------|-----------------------|------------------------|
|                 | 0.00        |                         |                         |                       |                        |
|                 | 1.00        | 100                     | -                       | 91.41%                | 91.4%                  |
|                 | 2.00        | -                       | -                       | 9.60%                 | 101.0%                 |
|                 | 3.00        | -                       | -                       | -1.01%                | 100.0%                 |
|                 | 4.00        | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 5.00        | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 6.00        | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 7.00        | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 8.00        | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 9.00        | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 10.00       | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 11.00       | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 12.00       | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 13.00       | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 14.00       | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 15.00       | -                       | -                       | 0.00%                 | 100.0%                 |
|                 | 16.00       | -                       | -                       | <u>0.00%</u>          | 100.0%                 |
|                 |             |                         |                         | 100.00%               |                        |
|                 | Duration    |                         |                         | 0.58                  |                        |

Note:

1. The payout pattern is based on company payout patterns.



[illegible]

|   |   |
|---|---|
| 1 Not actual written premium, used to reflect premium payment pattern.        | 12 time 2-16 formula is: (2) - (3) - (11)                             |
| 2 Total(1) - Cumulative(2)  | 13 (12) * Underwriting Tax Rate of 21%                                |
| 3 (2) * Expense Ratio of 36.3% from Page 1                                    | 14 (8) - (13)   |
| 4 Total(1) * Expected Loss Ratio of 54.6% * Payout Pattern                    | 15 time 1 formula is: (16prior) + (1) - (3)                           |
| 5 (4) * ALAE/Loss Ratio of 0%   | time 2 formula is: (16prior) - (16priorprior) - (13prior) - (14prior) |
| 6 time 1 formula is: [(4) + (5)] * ULAE*1/2 + ULAE*1/2*ELR*(1+ALAE to LR)*(1) | time 3-16 formula is: (16prior) - (13prior) - (14prior)               |
| time 2-16 formula is: [(4)+(5)]*ULAE*1/2                                      | 16 time 1 formula is: (16prior)+(1) - (3) - (4) - (5) - (6)           |
| 7 Total(4) + Total(5) + Total(6) - sum[columns (4)+(5)+(6)]                   | time 2-16 formula is: (15) - (4) - (5) - (6)                          |
| 8 (2) - (3) - [(4) - (5) - (6) - (7)] - (7prior)]                             | 17 Average[(15) + (16)]   |
| 9 Discounted Payout Pattern Per IRS regulation                                | 18 (17) * Investment Income Return of 3%                              |
| 10 (7) * (9)  | 19 (18) * Investment Income Tax Rate of 19%                           |
| 11 (4) + (5) + (6) + (10) - (10prior)   | 20 (18) - (19)  |
| 12 time 1 formula is: (2) - (3) - (4)- (5)- (6)- (10)                         | 21 time 1 is: (16prior) + (20) + (14) time 2-16 is: (20) + (14)       |

**Swiss Re Corporate Solutions**  
**Investment Income Exhibit**  
**Estimated Investment Earnings On**  
**Surplus and Unearned Premium & Loss Reserves**

The rate of return is the ratio of net investment income earned to mean cash and invested assets as determined from the base company Annual Statement.

|      | Net Investment<br>Income Earned | Mean Cash and<br>Investment Assets |                       | Realized<br>Capital | Unrealized<br>Capital | Realized<br>% of<br>Assets | Unrealized<br>% of<br>Assets |
|------|---------------------------------|------------------------------------|-----------------------|---------------------|-----------------------|----------------------------|------------------------------|
|      | <u>(In Thousands)</u>           | <u>(In Thousands)</u>              | <u>Rate of Return</u> | <u>Gains/Losses</u> | <u>Gains/Losses</u>   | <u>Assets</u>              | <u>Assets</u>                |
| 2018 | 107,456,463                     | 5,032,719,220                      | 2.1%                  | -12,935,619         | 7,914,791             | -0.3%                      | 0.2%                         |
| 2017 | 85,099,472                      | 4,742,233,268                      | 1.8%                  | 91,767,774          | -16,323,781           | 1.9%                       | -0.3%                        |
|      | 192,555,935                     | 9,774,952,488                      | 3.0%                  | 78,832,155          | -8,408,990            | 0.8%                       | -0.1%                        |

The average rate of Federal Income Tax was determined by applying current tax rates to the distribution of investment income earned. This data is from the base company Annual Statement.

|       |  | Investment<br>Income Earned<br>(In Thousands) | Federal<br>Income<br>Tax Rate |     |
|-------|--|---|-------------------------------|-----|
| Bonds |  |   |                               |     |
|       | Taxable                                    | 91,995,236                                    | 0.210                         | (c) |
|       | Non-Taxable                                | 9,902,018                                     | 0.0315                        | (a) |
|       | Total                                      | 101,897,254                                   | 0.193                         | (d) |
| Stock |  |   |                               |     |
|       | Taxable                                    | 3,224,644                                     | 0.085                         | (b) |
|       | Taxable Affiliates                         | 0   |                               |     |
|       | Total                                      | 3,224,644                                     |                               |     |
|       | Mortgage Loans on Real Estate              | 0   |                               |     |
|       | Real Estate                                | 0   |                               |     |
|       | Cash on Deposit and Short Term Investments | 3,224,508                                     |                               |     |
|       | All Other                                  | 4,685,298                                     |                               |     |
|       | Sub-Total                                  | 7,909,806                                     | 0.210                         | (c) |
|       | Total                                      | 113,031,704                                   | 0.191                         | (e) |
|       | Investment Deductions                      | 5,575,241                                     | 0.210                         | (c) |
|       | Net Investment Income Earned               | 107,456,463                                   | 0.190                         | (f) |

- Notes: (a) 100% of the income on tax-exempt bonds is subject to proration; that is, 15% of the of that income taxed at a full corporate income tax rate of 21%. The applicable tax rate is  $[(1.00 \times .15 \times .21) = .0315]$ .
- (b) 30% of dividend income on stock is subject to the full corporate income tax rate of 21%. 100% of the remaining dividend income on stocks is subject to proration: that is, 15% of the remaining 70% of dividend income is taxed at a rate of 21%. The applicable tax rate is thus  $[(.30 \times .21) + (1.00 \times .70 \times .15 \times .21) = 0.085]$ .
- (c) The full corporate income tax rate is 21%.
- (d) Weighted average of the taxable and non-taxable bonds  $[(91,995,236 \times 0.21 + 9,902,018 \times 0.0315)/101,897,254]$ .
- (e) Weighted average of all investment incomes  $[(101,897,254 \times 0.193 + 3,224,644 \times 0.085 + 7,909,806 \times 0.21)/113,031,704]$ .
- (f) Investment income tax rate:  $[(113,031,704 \times 0.191 - 5,575,241 \times 0.21)/107,456,463]$ .

# ***Westport Insurance Corporation***

## **SECTION I GENERAL RULES**

### **RULE 1 APPLICATION OF THIS DIVISION**

#### **Company Rates/ISO Loss Costs**

To calculate rates, multiply loss costs by the appropriate factor as listed below before applying any of the rules.

| <b>Coverage</b>      | <b>Loss Cost Multiplier</b>    |
|----------------------|--------------------------------|
| Auto Liability       | <del>1.3891</del> <u>1.736</u> |
| Auto Physical Damage | <del>1.3914</del> <u>1.739</u> |

THIS APPLIES TO ALL BUSINESS FOR WHICH AN INDEPENDENTLY FILED PROGRAM-SPECIFIC LOSS COST MULTIPLIER EXCEPTION PAGE HAS NOT BEEN FILED WITH THE STATE REGULATOR AND ACCEPTED FOR USE.

**WESTPORT INSURANCE CORPORATION**

**WIC-CA-DC-LCM (~~01-04/01/2008~~ 2020)**

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# ***North American Specialty Insurance Company***

## **SECTION I GENERAL RULES**

### **RULE 1 APPLICATION OF THIS DIVISION**

#### **Company Rates/ISO Loss Costs**

To calculate rates, multiply loss costs by the appropriate factor as listed below before applying any of the rules.

| <b>Coverage</b>      | <b>Loss Cost Multiplier</b> |
|----------------------|-----------------------------|
| Auto Liability       | <del>1.389</del> 1.736      |
| Auto Physical Damage | <del>1.391</del> 1.739      |

THIS APPLIES TO ALL BUSINESS FOR WHICH AN INDEPENDENTLY FILED PROGRAM-SPECIFIC LOSS COST MULTIPLIER EXCEPTION PAGE HAS NOT BEEN FILED WITH THE STATE REGULATOR AND ACCEPTED FOR USE.

**NORTH AMERICAN SPECIALTY INSURANCE COMPANY**

**NAS-CA-DC-LCM (~~0104~~/01/~~2008~~2020)**

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